Western Connecticut
COUNCIL OF GOVERNMENTS

February 27, 2023

Esteemed Chairs Luxenberg and Moore,
Members of the Housing Committee:

The Western Connecticut Council of Governments (WestCOG) appreciates the opportunity to comment on Raised Bill 6781, *An Act Addressing Housing Affordability for Residents in the State.* WestCOG's comments are limited to the sections addressed below. (WestCOG has no comment on other aspects of the proposal).

Section 26 of the bill would provide municipalities with one-half housing unit equivalent point (HUE), which can be used to qualify for a moratorium under CGS §8-30g, for each duplex, triplex, quadplex, townhouse, or cottage cluster unit "developed as of right within one-quarter mile of any transit district established pursuant to chapter 103a." While earning HUEs, such units would not count toward the 10% threshold under §8-30g.

- **Transit-near homes under §8-30g.** As noted above, the bill would add a new category of homes under §8-30g. In a departure from the law, these homes would not be required to be affordable and thus would not qualify toward the 10% threshold yet would earn HUEs – despite not adding to the stock of affordable units. In a second departure from the law, the homes would have to be approved using a prescribed decisional process.

  These changes are concerning. Until now, §8-30g has been agnostic with respect to the process used to approve housing units. Units that meet affordability criteria, regardless of whether they were approved by right, by special permit, or by another method, all count toward the 10% threshold. It is not clear how focusing on market-rate housing rather than affordable housing, and on approval process rather than on the affordability levels of the homes built, is an effective strategy to produce more affordable homes.

  While approval process does not belong here, transportation does. Transportation costs account for 15% a typical household's income, or half what is considered an acceptable housing cost burden for a household. For low income households, the figure is even higher (ca. 20%). Eliminating the need for a car (or two) can have the same effect on a household as cutting their housing costs in half. The best way to eliminate the need for a car is to site housing in walking distance of fixed public transit.

  §8-30g is silent on the relationship between housing and transportation costs. The bill would correct this omission. In this context, instead of focusing on approval process for market-rate units, WestCOG suggests that you **amend §8-30g as regards HUEs *and* qualifying toward the 10% to treat units that are deed-restricted to be affordable at 80% of median income within one-half mile[1] of a train or bus rapid transit station as**

[1] State law, which is consistent with national best practice, has identified transit-oriented development to be within one-half mile of passenger rail and bus rapid transit stations (CGS 13b-79kk).

affordable at 60%, and to treat ones in the same area that are deed-restricted to be affordable at 100%[2] of median income as affordable at 80%. Such a change would give municipalities and developers a powerful incentive for transit-oriented development and give households – especially those for whom transportation costs are a significant burden – the ability to live car-free.

- **Potential terminology confusion.** A transit district is a body created to provide transit service by one or more municipalities, generally in municipalities that are not served by the CTtransit bus systems (so, for instance, Bridgeport, Danbury, and Norwalk are served by transit districts, while Hartford and New Haven are not). It is not possible to measure a distance from a transit district, as the district is not a point; it only has a service area. "Within one-quarter mile of any active passenger rail or bus rapid transit station" may align better with the intent here.

Section 32 would add one-quarter percent to the conveyance tax for homes that are owned by corporations (often referred to as "institutional investors"). The additional revenues would be deposited in the state's Housing Trust Fund to build and rehabilitate affordable housing.

The rapid home price rise since 2020 largely has not been driven by an increase in natural demand. Both construction and population growth (including household formation) are gradual processes; moreover, during the pandemic, homebuilding continued apace while population growth and household formation slowed. In large part what drove the exceptional rise in home prices was sales to a) people buying second and third homes and b) institutional investors, with these activities stimulated by federal policies that made for an unprecedentedly favorable lending environment. Institutional investors became, almost overnight, the purchasers of approximately 20% of homes in the country's largest metros. This drove up prices, disrupting not only the affordability of housing – which is necessary as shelter – but also the ability of households to build intergenerational wealth and join the middle class through becoming homeowners.

The proposed conveyance tax increment could tamp down speculation in the housing market, moderating home prices, and generate revenue to create more affordable housing. These would be positive developments, and WestCOG believes that the proposal has merit.

Section 25 of the bill establishes "a task force to create an inventory of existing sewer capacity in the state and a plan to expand such sewer capacity in accordance with the state plan of conservation and development." This conflicts with principles of sustainability and with state law.

- **Conflict with sustainability.** Sustainable development minimizes environmental impact and maximizes the social and economic returns to investment by leveraging existing infrastructure where possible, rather than building new. Building off existing infrastructure does not only keep homes close to workplaces, supporting vibrant communities and limiting the impacts of sprawl (traffic, air pollutant and greenhouse gas emissions, the need for cars and highway upgrades). It also provides more ratepayers to existing systems. This is

[2] Affordable at 100% of state median income is, in many areas, inadequate to afford a median price home, so a deed restriction at this level does improve affordability.

an important point: many (although not all) sewer systems in Connecticut have uncommitted capacity that could be utilized by new development. Some systems, particularly in urban areas, also face financial challenges. Sustainable development, which prioritizes use of existing capacity when it is available over building new, can drive new customers – and ratepayers – to these systems, helping shore up their finances and reduce costs for existing customers (many of whom may face financial challenges of their own). Unfortunately, the bill does not speak to connecting new development to existing systems; the task force it proposes is specifically oriented toward sewer system expansion. This bias towards new builds and infrastructure expansion is contrary to sustainable development in its social, economic, and environmental aspects.

- **Conflict with state law.** State law vests responsibility for planning for sewer expansion in water pollution control plans produced by water pollution control authorities (WPCAs), who have the expertise, local knowledge, and ability to implement necessary for effective wastewater planning (CGS §7-246). The bill instead would create a sewer expansion plan at the state level that would only need to be informed by the state plan of conservation – a high-level document that is unsuited to this use – and that would be guided by a task force, none of whom are required to work for or represent the WPCAs that would have to finance, build, and maintain the new sewer plants, pump stations, and lines.

  While there may be value in inventorying which WPCAs have uncommitted capacity to help target future development, creating a parallel planning structure at the state level is unnecessary and may undermine decades of progress in sound and sustainable wastewater management in Connecticut.

Section 24 would repeal §8-30j, which requires municipalities to prepare affordable housing plans, and instead replace it with language with a substantially different ambit.

- **Premature action.** These plans were first due for adoption in July 2022. In other words, these plans have not even been in effect for one year. The §8-30j plans should go through a full 5-year cycle before amending the statute to allow sufficient time to evaluate whether the statute and the plans it yielded are achieving their intended goals. It is impossible to measure progress toward a policy target when the target keeps moving.

- **Conflict with federal civil rights law.** The bill directs the new plans to be designed to "overcome patterns of segregation." Segregation, in turn, it defines as a "concentration of persons of a particular race, color, religion, sex, including sexual orientation, gender identity, and nonconformance with gender stereotypes, familial status, national origin, or having a disability or a type of disability."

  Under the bill, a municipality with a faith community located around a house of worship must plan to "overcome" that "concentration of persons of a particular… religion." The same would apply to a municipality with an immigrant community or even college dormitories (based on national origin and familial status, respectively). Singling out communities for dispersal or assimilation based on their protected characteristics is illegal under federal law and should have no place in state law or municipal planning.

- **Unworkably broad charge.** The replacement language mandates that the new plans "promote equity in housing and related community assets, including concerted actions to overcome past discrimination against underserved communities that have been denied equal opportunity or otherwise adversely affected because of their protected characteristics by public and private policies and practices that have perpetuated inequality, segregation, and poverty." This language would compel municipalities to plan not only to overcome their past actions but also the past actions of other governments (e.g., the state, federal government, even former colonial empires) and an unlimited range of private actors. Such a broad scope goes far beyond municipal powers under state law and, as such, is unlikely in many if not most cases to address the root causes of the inequality, segregation, and poverty the bill speaks of.
- **Excessive sign-offs.** The §8-30j plans would, as under current law, undergo update at least once every five years. Yet the bill would require that the municipal chief elected official swear to the Office of Policy and Management every year that the respective municipality is in compliance. It is not clear what the benefit of repeated, interim attestations would be.

Thank you for your consideration.

Francis R. Pickering
Executive Director